

Housing Division Assessment of Goals and Objectives

Introduction

Through its commitment to create and preserve affordable housing for low and moderate-income residents in Cambridge the City's Community Development Department Housing Division identified four definitive objectives to meet its goal. The objectives include:

- Preserving Affordable Rental Units;
- Creating New Affordable Rental Units;
- Creating Affordable Homeownership Units; and
- Stabilizing and Renovating Owner-Occupied Units.

In the Five-Year Consolidated Plan, completed in May 2000, the City projected goals to be achieved over 5 years, and embarked on plans to strategically meet its objectives by partnering with non-profit housing developers, private developers, the Cambridge Affordable Housing Trust, and the Cambridge Housing Authority (CHA). With funds received from the US Department of Housing and Urban Development (HUD) it continues to successfully leverage financial support from other federal, state, local and private sources to meet development and housing service objectives. The following narrative is an overview of the City's housing activities completed in fiscal year 2003 and its progress in meeting housing goals stated in the Five-Year Consolidated Plan.

Objective #1: To preserve affordable rental housing opportunities, and enhance access for extremely low, and low and moderate-income renters.

▪ **Expiring Use Program**

This housing objective is accomplished through the City's Expiring Use Program. Through this program, the City provides technical and financial assistance to tenants, owners, non-profit organizations, and other concerned parties as they collaborate to address the long-term needs of housing developments at risk of losing their affordability. Through the Cambridge Economic Opportunity Committee (CEOC), the City annually funds the hire of a Tenant Organizer who works directly with tenants living in expiring use buildings that are in danger of being converted to market-rate housing. The City's housing preservation strategy also includes enforcing local use restrictions resulting from zoning or tax agreements.

Accomplishments: In FY 2003, the City collaborated with Homeowners Rehab Inc., CAST Associates LP (owners), and tenants to complete negotiations to secure affordability of the Cast Apartments complex, an expiring use building with 42 family sized rental units. The building was at risk of being converted to market-rate apartments after its 30-year, federally subsidized mortgage restrictions expired. As a result of the negotiations, the mainly three-four- and five-bedroom apartments will stay affordable to low-income families. In addition to negotiations, the City has provided \$483,485 in HOME funds to assist in substantially renovating the CAST

building. These funds have leveraged more than \$9,000,000 in additional financing. In addition to CAST, the City also continued its efforts to secure the affordability of other expiring use buildings including the Church Corner development with 23 units, Putnam Square with 94 units, and the Fogerty Building with 17 units. In fiscal year 2003 approximately 42 expiring use units were preserved from market conversion; 134 units were negotiated; and more than 304 low and moderate-income residents were assisted. Community Development Housing staff delivery costs were funded with CDBG and HOME funds to deliver these projects. The Just-A-Start Corporation administered Rehabilitation Assistance Program (RAP) youths assisted in the rehabilitation of these units.

Challenges: The strong real estate market in Cambridge continues to be the primary challenge in preserving buildings with expiring affordability restrictions. Owners of federally funded developments and cooperatively owned buildings need significant financial incentives to not convert units to market-rate rental or condominium housing, as tremendous financial gains can be made by doing so. Even as the economy experiences a recession, the cost of housing and land in Cambridge remains very competitive and costs have continued to escalate though the pace has slowed.

Objective #2: To create new affordable rental units targeted to extremely low, and low and moderate-income families and individuals using a multifaceted approach.

- **Non-profit Sponsored Affordable Housing Development Program - Rental**
Affordable rental and homeownership units are developed through the City's Non-profit Sponsored Affordable Housing Development program. Several local non-profit housing agencies including, designated CHDOs Homeowner's Rehab Inc. (HRI) and Just A Start Corporation (JAS), CASCAP Reality Inc., the Cambridge Housing Authority (CHA), and the Cambridge Affordable Housing Corporation (CAHC) a subsidiary of the CHA each received financial assistance and technical support this year. These organizations acquire and rehabilitate existing buildings and build new housing, adding new rental and homeownership units to the City's affordable housing stock. The buildings become permanently affordable through the City's Affordable Housing Agreement, which enforces a long-term deed restriction, of 50 years or more. Whenever possible, the City considers the use of City-owned land for development of affordable housing.

Accomplishments: In FY 2003, the City funded approximately 45 rental units, including housing for persons with disabilities and those formerly homeless. The projects included 5 units from the Cambridge Housing Authority (CHA) Hope VI project, 6 CHA Condo Acquisition Program Phase III Projects, 13 units from the Prospect Street project being developed by Just A Start Corporation, and 21 units from the Prospect Street project being developed by the CHA. The projects were funded with CDBG, HOME, Cambridge Affordable Housing Trust funds, and other public and private funds that were leveraged. These units are currently in various stages of development and will be occupied by extremely low, low and moderate-income residents when completed.

Community Development Housing staff delivery costs were funded with CDBG and HOME funds to deliver these projects. Staff worked with non-profit organizations to identify potential opportunities, assess the overall feasibility of the project, identify funding sources, shepherd the project through development and marketing, and monitor units to ensure continued compliance with HUD regulations. In addition, many of these projects also received predevelopment and capital improvement funds from the city.

- **Inclusionary Zoning Program**
Through the Inclusionary Zoning Program private owners developing new or converted residential development with 10 or more units are required to provide 15% of the total number of units as affordable housing. The units are preserved as affordable for the life of the building.

Accomplishments: In FY 2003, 7 new affordable units were created through the

Inclusionary Zoning Program. In addition, the City began discussions with owners of approximately 15 sites, slated for development, which could potentially create an additional 557 new Inclusionary units over the next few years. The projects are in various stages of the development process and some negotiations have begun. Amidst soaring land costs and housing prices, the Inclusionary Zoning Program has been a successful and cost effective vehicle for securing affordable units in mixed-income developments in the City. Since its inception in 1988, 131 units, comprising of 102 rental and 29 homeownership units have been created. The Just-A-Start Corporation administered Rehabilitation Assistance Program (RAP) youths assisted in the rehabilitation of these units.

Though the City does not provide capital financing to Inclusionary Zoning projects as they are privately developed, the Community Development Housing staff delivery costs are funded with CDBG funds to help administer the Inclusionary Zoning Program. Staffs' project delivery activities for Inclusionary Zoning projects include technical assistance to developers, reviewing plans and specifications to ensure that the City receives 15% of the units, ensuring that the units are comparable in size and amenities to market-rate units, and assisting the developer to market the units to eligible renters or buyers.

▪ **Cambridge Neighborhood Apartment Housing Services (CNAHS)**

The Cambridge Neighborhood Apartment Housing Services, Inc. provides low-interest rehabilitation financing to private owners of multifamily properties in return for a set-aside of units for low and moderate-income tenants.

Accomplishments: In FY 2003, CNAHS provided financing for 4 projects which added 21 affordable units to the City's affordable housing stock. In addition, CNAHS is in discussions with 4 private owners who are interested in participating in the program and could potentially create 10 additional units. Despite the exceptionally strong rental market in Cambridge, CNAHS has been successful in attracting new owners to the program.

Challenges: Overall, the primary challenges in producing new affordable rental opportunities in Cambridge are high acquisition and construction costs. Being a largely built-out City land for construction and competing community demands often result in the density reduction of new development opportunities.

Objective #3: To increase affordable homeownership units and opportunities for first-time low and moderate-income buyers.

- **Non-profit Sponsored Affordable Housing Development and First Time Home Buyer Program – Home Ownership**

The City finances the acquisition and rehabilitation of home ownership units, to improve the quality and quantity of affordable housing. It also creates programs and services to support first time homebuyers as they embark on homeownership. In addition to individual counseling, first-time home buyers are provided with multifamily property ownership, and First-time Homebuyer Education (FTHB) workshops. The City also collaborated with the City's Multi Services Center to provide a class in Creole and Spanish. Class graduates are eligible for MHFA financing and Soft Second Loans which the City applies for through the Department of Housing and Community Development (DHCD) to continue to fund the interest rate subsidy and loan loss reserve components of this program. These funds are used in conjunction with reduced rate first mortgage funds provided by area lenders and partners. Housing staff collaborates with local churches, Massachusetts Alliance of Portuguese Speakers (M.A.P.S.), Concilio Hispano, Inc. (an interpreter service), the Cambridge Multi-Service Center, the state and other non-profit groups to assist first time homebuyers Citywide and across cultures.

- ***Accomplishments:*** In FY2003, the City provided financial assistance to 7 first time homebuyers who brought units through the City's First time Homebuyer Program. The City also began marketing 18 affordable homebuyer units located at the Polaroid Development on Pleasant Street. Owned by Harvard University this development, is a mixed-income development, which contains a total of 120 units. In addition to units created, the Housing staff also hosted 11 FTHB classes and 3 multifamily workshops in which approximately 758 people participated. They also provided one-on-one counseling to over 186 people. The Just-A-Start Corporation administered Rehabilitation Assistance Program (RAP) youths assisted in the rehabilitation of these units.

Challenges: Being a largely built-out City, Cambridge, faces several challenges in producing new affordable homeownership opportunities, such as high acquisition and construction costs. Though tax credits are a major source of equity for development opportunities, homeownership is not an eligible use under the Federal tax-credits program. Nevertheless, the City continues to be proactive in creating and implementing programs to aide low and moderate-income buyers.

Objective #4: To stabilize and renovate owner-occupied one-to-four family buildings owned by the extremely low, low and moderate-income households.

- **Home Improvement Program**

The Home Improvement Program (HIP) is a low-interest rehabilitation loan program for low and moderate-income owners of one to four-unit buildings. HUD recently approved the City's Neighborhood Revitalization Strategy (NRS) which expands the program to serve households with incomes above 80% of area median income living in low-income census tract areas. Through the HIP program owners use funds to renovate their multi or single family homes to meet HUD, State and City building code requirements with the agreement that rents will be kept affordable. The program is managed by Homeowners Rehab. Inc. (HRI) and Just A Start (JAS), with oversight from the City's Housing Division. Both non-profits target their rehabilitation efforts in separate parts of the City but covers all 13 Cambridge neighborhoods.

Accomplishments: In FY2003, Just A Start and Homeowner's Rehab contracted with homeowners to rehabilitate a total of 39 units through the Home Improvement Program. The Community Development Department (CDD) annually funds a contract with each agency to support both staff time and loan funds for this program. In addition, housing staff delivery costs in CDD are supported with CDBG funds to administer this program.

Challenges: Title X poses a challenge to owners looking to rehab as it requirement owners to delead any unit with \$5,000 or more CDBG funds, increasing the cost and scope of work for projects. Many owners have elected not to participate in the program since the new regulations were enacted, thus, reducing the number of affordable rental and ownership units that could have been brought up to code.

OTHER HOUSING SERVICES

Public Education And Outreach

In addition to the four objectives outlined above that addresses preserving and creating rental and homeownership opportunities, and stabilizing units throughout Cambridge, the Community Development Department Housing staff also serves as a housing resource for Cambridge residents providing referrals to organizations that can meet other housing and social service needs. The "Affirmatively Furthering Fair Housing" section of the narrative outlines the public outreach events that staff attended or hosted this year to educate residents about housing programs and services offered throughout the City. In FY2003, Housing staff responded to over 9,000 inquiries concerning housing services and provided program information and referrals to agencies throughout the City and/or the greater Boston area. It also created a new housing brochure being distributed citywide, which describes all available housing services in Cambridge. Housing Staff also attended several outreach events such as Cambridge River Fest, Hoops-N-Health Day and Cambridge Fair Housing Day, to distribute materials and discuss available programs reaching close to 600 people.

Rehabilitation Assistance Program

Through this program, youth crews received hands-on rehabilitation experience by working on non-profit sponsored housing projects and the Cambridge Housing Authority's public housing sites. Just A Start administers the program with financial support from the City through the CDBG program. In FY2003, 207 youths participated in the program receiving on the job technical training.

Addressing Impediments to Fair Housing & Affirmatively Furthering Fair Housing

The City of Cambridge will be conducting a new Fair Housing Plan for submission with the Five Year Consolidated Plan due in 2005. As part of its Fair Housing Plan in 1999, the City completed its Analysis of Impediments (AI) to Fair Housing Choice. HUD does not require an Analysis of Impediments study to be submitted annually for review. However, the City is required, as part of the Consolidated Plan Performance Evaluation

Report (CAPERS) to provide HUD with a summary of the AI identified and the jurisdiction's accomplishments in addressing them for the current reporting year. Below are activities the City participated in this year to alleviate impediments to fair housing.

Although from year to year, we would like to say that there have been significant changes in the market, the challenges continue as we strive to create affordable housing in a high cost, built out City with funding constraints. The City's strategy is to consistently and incrementally continue to address housing needs through a multifaceted housing strategy.

Subsidize High Cost of Land and Real Estate Development

The high cost of land continues to make Cambridge a highly profitable real estate market, increasing the challenge to create and preserve affordable housing. To that end, the City has created and continues to implement several programs to facilitate the development and preservation of affordable housing. They include Non-profit Sponsored Rental and Homeownership Development, Inclusionary Zoning Program, Expiring Use Program, CNAHS Multifamily Rehabilitation Program and the Home Improvement Program (*See Objectives 1-4 for additional details and accomplishments on these programs*). In addition, recent Citywide Rezoning Initiatives continue to foster the development of new housing opportunities throughout the City. In FY2003, the City created 45 units through non-profit sponsored development; 21 units through CNAH; 7 units through the First time homebuyer program; 7 units through the Inclusionary Zoning program; rehabilitated 39 low income owner occupied units through the Home Improvement Program; and preserved 176 expiring use units in 4 properties, assisting more than 300 people through the Expiring Use program.

Promote Zoning Favorable to Affordable Housing Development

The Cambridge Community Development Department (CDD) has worked for many years to support zoning policies to promote incentives to encourage developers to provide affordable housing, including Inclusionary Zoning, Incentive Zoning, and the City-wide Rezoning Initiative.

- *Inclusionary Zoning*

In 1998 the City adopted the Inclusionary Zoning Ordinance that requires developers of any new or converted residential development with 10 or more units to provide 15% of the total number of units as affordable housing. In return, the developer receives up to a 30% increase in density. CDD monitors compliance with this ordinance. Staff works with the private developers to design and implement the marketing and sale or leasing of units to low-income Cambridge residents. In FY 2003, 7 units were secured through deed restrictions that ensures their affordability for the life of the building. To date, 131 units have been secured through the Inclusionary Zoning Program. Discussions began this year to secure an additional 557 Inclusionary units over the next few years. As these units are completed, they are rented or purchased by low to moderate-income families.

- *Incentive Zoning*

The Cambridge Incentive Zoning Ordinance was adopted in 1988. It requires that non-residential developers with projects over 30,000 square feet that require a Special Permit to authorize an increase in the permissible density or intensity of a particular use, mitigate the impact of their development through a contribution to the Affordable Housing Trust. These funds are used to sponsor the development of affordable rental and homeownership units. A study was completed in 2002 to update and expand the ordinance with the goal of increasing the contribution of funds to the Trust for housing development. The City Council continues to consider increasing the contribution from \$3.28 to \$7.83 over the next 2 years. However, due to the faltering commercial market, the council has reservations about the increase. In FY 2003, the City received \$801,856 in Incentive Zoning contributions.

- *Citywide Rezoning Initiative*

The Cambridge City Council passed a citywide rezoning initiative in 2001, allowing housing to be an allowable use in all districts; rezoned numerous districts to housing; facilitated the conversion of industrial buildings by streamlining the permitting process; and reduced commercial Floor Area Ratios (FARS) (thereby increasing a developer's incentive to build housing). Each of these have resulted in new opportunities for local affordable housing developers and produced more affordable units through the Inclusionary Zoning Ordinance.

Buffering the Effects of Rent Control

In 1995, rent control was eliminated through a statewide ballot initiative. Consequently, the costs of housing in Cambridge have risen dramatically especially with the rise in acquisition and construction costs in the greater Boston area and with low vacancy rates. Since 1995, Cambridge has made significant contributions to increasing affordable housing through the Cambridge Affordable Housing Trust's CITYHOME program. The Trust provides funding for housing development, preservation, and improvement. Cambridge is one of the few localities nationwide that spends significant local funds on affordable housing efforts. To date, the CITYHOME initiative has received over \$33.95 million in Trust funds. An additional \$7.2 million has been requested for FY2004. The increase in funding is a result of the passage of the Community Preservation Act (CPA).

Leveraging Available Public & Private Funds

The Community Preservation Act (CPA) is a new financing tool for communities to leverage funds to preserve open space, historic sites, and affordable housing. In spring 2001, the Cambridge City Council endorsed the state's Community Preservation Act (CPA) and voted to place it on the ballot in the November 2001 election. City voters adopted the CPA allowing the City to receive CPA match allocation from the state. The CPA has generated additional resources for housing development through 3% surcharge

on local property taxes and the state's matching funds. The adoption of CPA by Cambridge residents provides funding for the next five years, leveraging HUD funds.

High acquisition and construction costs, low vacancy rates, and a strong economic sector have had a tremendous impact on the cost of housing in the Cambridge market. Continued escalation of the cost of housing results in fewer units created with federal, state, and local dollars. In Spring 2003, the CPA committee appointed by the City Manager, held its second public hearing on needs and priorities of residents. Affordable housing was overwhelmingly the key issue and the committee voted to appropriate the available funds in the following way, 10 % for open space, 10% for historic preservation, and 80% for affordable housing. \$8.4 million will be allocated to housing in FY2004.

Addressing Competing Concerns of Neighborhood Residents

There are competing demands among residents in Cambridge. Several of the primary conflicts exist between the desire for more housing but limited tolerance for increased pressure on parking, traffic, and open space. The City has considered several strategies to address and remove the existing barriers. The strategies include: public education; using prior successful affordable housing developments as examples of good development with minimal impact on the neighborhood; increased funds for various uses (e.g., through the Community Preservation Act); and intensive work with neighborhood residents to try to develop support to offset potential opposition. However, with Cambridge being a densely populated City, it will always have the difficult issue of competing uses for any remaining undeveloped land.

Affirmatively Furthering Fair Housing

The following section addresses the City's efforts to further fair housing for all Cambridge residents.

- **Fair Housing Committee and Homeless Steering Committee:** The City established committees and programs to address fair housing needs, including a Fair Housing Committee and Homeless Steering Committee that are active in initiating educational and outreach programs to further fair housing. Housing division staff serve as active members on these committees.

With the Federal Government's dissolution of the Community Housing Resources Board Program, the City of Cambridge established a Fair Housing Committee in 1994 to continue some of the CCHRB activities as well as initiate new educational and outreach programs to further Fair Housing in Cambridge. The Fair Housing Committee is composed of over 30 representatives of housing users and providers, minority and disabled agencies, and other appropriate groups. It is chaired by the Executive Director of the Cambridge Human Rights Commission.

- **City's Human Rights Commission:** The Commission investigates allegations of discrimination and continues its commitment to ensure compliance with Title VIII of the Civil Rights Law of 1968, and the 1988 Amendments that expanded the existing legislation to prohibit housing discrimination against disabled individuals and families. The City's Human Rights Commission receives HUD funds and City funds, for mediation, public hearings, and awarding of damages for cases under fair housing laws.
- **Public Education and Community Outreach:** The Community Development Department hosted and attended community meetings and housing events throughout the City to inform residents of services, projects and programs active in the City. These include:

Loan Program Sessions ~ Housing Staff attends loan program sessions held by local banks to introduce new products available for assisting low and moderate income households. Program information is then shared with the City's First Time Homebuyer participants, through first time homebuyer classes and individual counseling.

Application Help Sessions ~ These sessions guide participants through the application process for rental or homeownership units marketed by the division. Approximately 40 people attended this year.

Hoops-N-Health ~ The Hoops 'n' Health event was held in June 2003 and is hosted by the Cambridge Public Health Department. The event was heavily attended by community and served as a good out reach for the Community Development Department and other City agency's that attend annually with displays to share program information. The highlights of the Hoops and Health

event are sports tournaments with a comfortable introduction to health care topics. This years focused was on mental health and cardiovascular disease, other topics included are sports injuries and nutrition, and resource information for physical and mental health related services.

Cambridge Fair Housing Month Conference ~ April is Fair Housing Month in Cambridge. On April 24th the City hosted the Cambridge Fair Housing Forum titled: Bridging the Gap. This program was presented by the Cambridge Human Rights Commission/Fair Housing Committee, the Commission for Persons with Disabilities, Lead Safe Cambridge, Cambridge Community Development Department and the Cambridge Multi-Service Center. The objective of the conference was to highlight Cambridge's Affordable and Fair Housing Initiatives. They also addressed current and future housing issues, and focused on strategies to prevent discriminatory and unfair housing practices. It provided a forum to dialog with representatives of Cambridge's Housing Advocates, City Departments and Fair Housing Agencies. The Cambridge Human Rights Commission also hosted a Fair Housing Month Celebration.

Other community outreach efforts and public meetings sponsored and attended by CDD include North Cambridge Stabilization Community Meetings, the One Year Action Plan Public Meetings, Cambridge Night Out, Cambridge River Fest, and the Community Preservation Public Meetings.

- **Creation of Proactive Zoning Policies:** In 2001, the City Council passed a citywide rezoning initiative. The new zoning makes housing an allowable use in all districts, rezoned numerous districts to housing, facilitated the conversion of industrial buildings by streamlining the permitting process, and reduced commercial FARS, thereby increasing a developer's incentive to build housing. Each initiative foster new opportunities for local affordable housing developers and produce affordable units through the Inclusionary Zoning Ordinance.
- **Tenant and Landlord Support:** The Community Development Department supports programs and services administered by local agencies to further fair housing. While these programs continue to operate in fiscal year 2003 and 2004 there funding was severely threatened in the States' FY2004 budget process.

Tenant/Landlord Mediation Services: With funding from the City, Just A Start Corporation administers a tenant/landlord Mediation Services Program. The Agency receives \$62,400 in City funds to administer, develop, and implement this program.

Tenant Organizing for Expiring Use Buildings: With support from the City, the Cambridge Economic Opportunity Corporation (CEOC) employs a full-time Tenant Organizer whose responsibility it is to organize and mobilize tenants at risk of being displaced from federally-assisted buildings when its affordability

restriction expire. CEOC receives \$35,000 annually from the City for this program.

City of Cambridge Multi-Service Center: This center provides housing search services, referrals to shelters, and limited emergency funds.

Cambridge and Somerville Legal Services (CASLS): CASLS provides free legal services for low-income residents.

Affordable Housing

As described throughout this report, the City of Cambridge has adopted a multi-faceted approach in its commitment to preserving, creating and stabilizing the City's affordable housing stock. To this end, the City offers a wide range of programs and services.

Non-Profit Acquisition and Development of Multifamily Properties:

In FY2003, 45 units were funded through this program including housing for persons with disabilities. Through the City's acquisition and development program, non-profit organizations in Cambridge and the Cambridge Housing Authority acquire and rehab existing buildings and/or develop new housing to provide affordable units. The buildings become permanently affordable through the City's Affordable Housing Covenant and a long-term deed restriction of 50 years for projects that also has City Trust funds.

First-time Homebuyer Program (FTHB): In FY2003, 7 new units were brought through this program. Housing staff hosted 11 First Time Homebuyer classes, and 3 multifamily classes, approximately 761 people participated, and 186 received one-on-one counseling. Through this program, the City offers education and counseling to first-time homebuyers. Two special classes were also provided in Creole and Spanish. The City's housing staff also worked with residents helping them gain access to special mortgage products such as Purchaser Assistance funds (for down payment and closing costs), the Soft Second Loan Program and Acorn financing. The City assisted 7 families with down-payment assistance in FY2003.

Preservation of Expiring Use Restriction Properties: In FY 2003, the City successfully negotiated the long-term preservation of 42 expiring use units at the CAST Apartments, and started negotiations on 134 expiring units. Properties in negotiation include 23 units at Church Corner, 17 units at the Fogerty Building, and 94 at Putnam Square. In order to preserve federally assisted rental housing and other developments with expiring restrictions, this program provides technical and financial assistance to tenants, landlords, owners, and non-profit developers working with these properties.

Affordable Housing Rehab Loan Program: In FY2003, CNAHS assisted in financing the rehab of 21 affordable units through the Cambridge Neighborhood Apartment Housing Services (CNAHS) Multifamily Rehabilitation Program. CNAHS, in collaboration with the City, provides low-interest rehabilitation financing to private

owners of multifamily properties in return for a set-aside of affordable units.

Home Improvement Program (HIP): In FY2003, 39 units were rehabilitated and stabilized through this program. HIP is a low-interest rehabilitation loan program for low and moderate-income owners of one to four-unit buildings. The City, in collaboration with Homeowners Rehab. Inc. and Just A Start, provides funds to owners of multi or single-family homes to renovate properties to meet HUD, State and City building code requirements, with the agreement that rents will be kept affordable to low and moderate income households.

Inclusionary and Incentive Zoning: In FY2003, the City secured 7 units through affordable housing covenants in the Inclusionary Zoning Program and began discussions with private developers that will potentially secure an additional 557 over the next few years. To date, 131 units have been created through the program 29 homeownership and 102 rental units.

In FY2003, the City received a linkage payment or Incentive Zoning contributions for \$801,856 to the Cambridge Affordable Housing Trust (CAHT).

Through these innovative zoning policies, the City provides new affordable housing opportunities in mixed-income developments and leverages funds from non-residential developers in Cambridge to further housing production.

Inclusionary Zoning: The Inclusionary Zoning Ordinance requires developers of any new or converted residential development with 10 or more units to provide 15% of the total number of units as affordable housing.

Incentive Zoning: The Incentive Zoning Ordinance (Linkage) requires that non-residential developers require a Special Permit that authorizes an increase in the permissible density or intensity of a particular use, mitigate the impact of their development through a contribution to the Affordable Housing Trust.

Other City-Sponsored Services

- *Tenant/Landlord Mediation Services:* With funding from the City, Just A Start Corporation administers a tenant/landlord Mediation Services Program. The Agency receives \$62,400 from the City annually to administer, develop, and implement this program.
- *Tenant Organizing for Expiring Use Buildings:* With support from the City, the Cambridge Economic Opportunity Corporation (CEOC) employs a full-time Tenant Organizer whose responsibility it is to organize and mobilize tenants at risk of being displaced from federally-assisted buildings when their affordability restriction expire. CEOC receives \$35,000 annually from the City for this program.
- *City of Cambridge Multi-Service Center:* This center provides housing search

services, referrals to shelters, and limited emergency funds.

- *Cambridge and Somerville Legal Services (CASLS)*: CASLS provides free legal services for low-income residents.
- *Rehabilitation Assistance Program*: RAP provides training and education for youth rehabilitation and deleading crews, which primarily provides labor for the Home Improvement Program. Approximately 207 youths participated in the program this year.

Housing for Individuals with Disabilities

The City ensures that its non-profit sponsored developments comply with the American with Disabilities Act to provide handicap accessible units. In addition, the City seeks to ensure that it secures handicapped accessible units as part of the Inclusionary Zoning Ordinance. Housing staff works closely with the Commission on Persons with Disabilities to market units to appropriate households.

In FY2002, the City committed \$560,000 in federal HOME funds to the Cambridge Housing Authority (CHA) as part of its HOPE VI redevelopment Initiative. All 14 scattered-site units for young mentally disabled persons were acquired by the end of FY2003.

Through its partnership with CASCAP Realty Inc., a local non-profit housing developer and service provider, the City develops units specifically targeted to persons with mental health issues. CASCAP concentrates on the delivery of housing to single individual households as well as the mentally disabled population, and is also skilled in the rehabilitation and development of properties and in the management of group homes and single room occupancy dwellings with a social service component. In FY2003, CASCAP completed construction on 7 units at 196 Auburn Street, transforming a former lodging house into two (2) one-bed-room and five (5) studio apartments.

The City has also partnered with Shelter Inc. to develop 10 units of permanent housing for formerly homeless persons. They will also provide social services to the occupants. Shelter Inc. is a homeless service provider that operates a women's only drop-in during the weekdays. Guests are offered lunch, access to a nap room, showers, clothing, help with referrals, the option to participate in some structured activities, and counseling. It also provides short term & extended stay beds for sober men & women, with case management.

Worst Case Needs

The City of Cambridge requires that affordable housing developers submit a tenant marketing and selection plan. The City addresses households with worst-case needs through a "priority point system" established by the City that reflects HUD's guidelines. Priority is given to households with children under 18 who are in need of family-sized

units (to ensure that children are appropriately housed in lead free units). Priority is also given to households with an emergency situation, such as those paying more than 50% of their income in rent, are living in a unit that is not decent, safe and sanitary, overcrowding, or are being involuntarily displaced.

OTHER ACTIONS

In the Five-Year Consolidated Plan written in 2000, the City identified impediments to developing affordable housing for the City's low-income residents, and continues to address those needs in various ways (see the discussion on Affirmatively Marketing Fair Housing). In addition, the City has identified other key areas to the successful delivery of affordable housing programs and services which include continued collaboration among key institutional structures at the federal, state and local levels, which has helped to improve public housing policies and resident initiatives, and evaluate and reduce lead based paint.

Institutional Structure & Enhanced Coordination

In FY2003, Cambridge continued to collaborate with and further develop its relationship with federal, state and local policy makers, funders, tenant groups, and service providers through formal and informal networks

Federal

Cambridge continues to work with the U.S. Department of Housing and Urban Development (HUD) on policy, program, monitoring, and funding. In FY 2003, the City continued to implement its annual monitoring scheme to verify that its non-profit developers and Community Housing Development Organizations (CHDOs) comply with rules and regulations that are required by HUD, the State, and the City. 367 units were monitored.

This year, The Cambridge Housing Authority (CHA) successfully received \$400,000 from the Federal Home Loan Bank to begin construction on 217 Western Avenue in Cambridge, which is a six-unit development to be rented to low-income households. In FY 2003, the CHA also completed the acquisition of the 14 single room occupancy (SRO) units for disabled youths, through their Hope VI Program.

Cambridge non-profits and CHDOs also coordinated services through contracts for program delivery of affordable units. Cambridge Community Development has over \$1 million in annual contracts with nonprofit housing agencies for the operation of housing programs, and professional service providers for the division's projects. The nonprofits also operate community service programs on an ongoing basis, and are invited to contribute to the City's policy, program development, and annual reports. Cuts to the states administrative budgets makes federal funding a critical component to the ongoing health and stability of these Agencies.

State

The City has a strong working relationship with the Massachusetts Department of Housing and Community Development (DHCD) and other state agencies that provide regular and ongoing support to the City's affordable housing development organizations. While cuts in the state budget for the 2003-2004 fiscal year decreased funds available to create new affordable units in Cambridge and other parts of Massachusetts, our non-profits successfully endured very competitive application review rounds at DHCD to secure some funds in FY2003.

Homeowner's Rehab was successful in securing \$3,637,811 in low income housing tax credits (LIHTC) and \$840,000 from the State for the CAST Apartments, an expiring use rental development with 42 mainly family sized units. The Cambridge Housing Authority was able to secure \$306,620 from DHCD in Facilities Consolidation Funds for the acquisition of 14 scattered-site units for persons with disabilities as part of their HOPE VI revitalization program, and \$300,000 in Housing Stabilization Funds for their 6-unit rental development at 217 Western Avenue. The City also provided financial support for these projects and mandates a minimum 50-year affordability term on the units through its affordable housing agreement.

Local

Cambridge has a number of successful groups and committees, discussed below, that currently collaborate to provide an effective delivery system for affordable housing production and social services throughout the City.

The Cambridge Housing Authority (CHA) is one of the highest performing authorities in the country. The CHA works collaboratively with local non-profit housing developers to use project-base Section 8 certificates in proposed developments, significantly increasing the financial feasibility of these projects. They also assist in marketing Inclusionary Zoning units to very low-income households with Section 8 Certificates, and supporting the City's housing initiatives by attending and participating in public outreach events. The City also supports the CHA's housing acquisition efforts, and has funded several of its development projects through HUD entitlement CDBG and HOME funds, and the Cambridge Affordable Housing Trust. The most recent include 217 Western Avenue, 191-203 Prospect Street, and the CHA Condo Acquisition Program Phase III. These units together will produce 41 affordable units for low and moderate-income households.

The City of Cambridge Multi-Service Center offers a wide range of services from homelessness prevention, emergency shelters, transitional housing, to emergency funds. Both the Community Development Department and Human Service Department communicate and collaborate regularly to serve as wide a range of persons as possible throughout the City.

The Cambridge Affordable Housing Development Working Group has met regularly since 1995, end of rent control, to coordinate affordable housing development efforts, and

share progress, ideas and expertise in addressing difficulties in the housing development process. This group is made up of staff from the Community Development Department's Housing Division, the Cambridge Housing Authority, Just A Start Corporation, Homeowner's Rehab, Inc. and CASCAP Realty, Inc.

The Cambridge Affordable Housing Trust is a nine-member independent City board comprised of experts in the fields of affordable housing policy and finance, banking, real estate, housing development, and housing advocacy. The Trust serves as both a policy advisory board and the loan committee for new development projects. In FY03, the City Council appropriated \$7.5 million through the Trust and CPA to support affordable housing development.

Cambridge has a Fair Housing Committee and Homeless Steering Committee that are also active in initiating educational and outreach programs to further fair housing. The Community Development Department monitors progress on implementing measures to combat Impediments to Fair Housing, and will complete its next Fair Housing Plan in FY2005 to be submitted with the new Five Year Consolidated Plan. The Fair Housing Plan consists of an Analysis of Impediments to Fair Housing, an Action Plan to address impediments that were identified, and a Plan for maintaining records and fulfilling report requirements. Cambridge completed its Fair Housing Plan in 1999, in collaboration with various City departments; the Human Rights Commission; the Cambridge Commission for Persons with Disabilities; the City Assessor's Office; the City's Affirmative Action Office; the Department of Human Services Programs and the Cambridge Housing Authority, as well as with nonprofit groups such as Homeowner's Rehab, Inc., Just A Start Corporation, CASCAP Realty Inc., and CASPAR.

The City also maintains strong working relationships with neighborhood groups and housing advocates that support affordable housing development in the City. Local support for housing has been one of the central factors contributing to the success of housing developers and service providers.

Public Housing Improvement and Resident Initiatives

Cambridge Housing Authority

This past year, the Cambridge Housing Authority (CHA) continued its participation in HUD's Moving To Work Deregulation Demonstration program (MTW), as one of a handful of housing authorities with a comprehensive program taking advantage of the significant regulatory and fiscal flexibility the Demonstration allows. MTW helped facilitate the CHA's progress on a number of important fronts: Preservation of Current Public Housing Stock CHA places a particular emphasis on modernization and extraordinary maintenance, in order to preserve and improve the current public housing stock, as it continues to view the preservation and continued viability and quality of the in-place stock as the most fundamental mission of the Authority. The past year saw an ambitious schedule for modernization and extraordinary maintenance project planning and management.

Elderly Housing Issues

Work was completed on Neville Place at Fresh Pond, a 71 unit assisted-living facility, in the Fall of 2001. The second component of this complex project, new construction of a 112 bed skilled nursing facility on the same campus began in December of 2002. Work also continues on the HOPE VI redevelopment of the Kennedy Apartments, which includes 25 units of affordable assisted living and 14 off-site scattered condos for the young disabled individuals.

Ongoing effort to develop Local Leased Housing program/Tenant Preservation Program
CHA's Local Leased Housing (Section 8) program continues to be successful, preserving the program and achieving 100% utilization in the face of significant market challenges. Specific initiatives undertaken in the last year to encourage program success include:

- Leased Housing Program Marketing and Outreach
- Direct outreach and overall marketing efforts to landlords, which has been an important element in the program's success
- Project Based Leased Housing Assistance
- Project Based Assistance continues to be a vital resource for affordable housing development and preservation in the City.
- The CHA currently preserves affordability through in place subsidies of 206 units and looks to continue to use this valuable tool to preserve affordable housing.
- Preservation and Viability of the Mobile Rent Voucher Program (MRVP) Program.
- CHA is using its Moving To Work (MTW) Demonstration flexibility to augment this state program; these subsidies would otherwise be at high risk for loss.

Ongoing Development Activities

CHA, through its non-profit affiliates, and with financial support from the City's Affordable Housing Trust, has almost completed 124 units of permanently affordable housing since the beginning of the Demonstration four years ago. The fundability of HUD resources provided for by MTW has been crucial in accommodating this development. These units include properties in neighborhoods that formerly had no significant public or affordable housing presence.

Implementation of Development Choice

CHA provides residents the option to state a preference for the developments in which they want to live, replacing the arbitrary first unit available assignment system practiced by most housing authorities.

Other Initiatives

CHA's waiting lists for both conventional and leased housing have increased over the past year, underscoring the significant need for affordable housing in the area. Initiatives around rent policies, income diversification, and deconcentration continue to be successful elements of the MTW program. In the past year the Authority has also revised its Leased Housing (Section 8) Administrative Plan. Performance on conventional HUD indicators such as inspections, work orders, rent collection, security and vacancy rate

continue to be very strong for the conventional program, and equally strong in leased housing in terms of program performance and inspections.

The CHA's award winning Work Force Youth Unemployment Prevention Program continues to provide CHA youth with mentorship and support to encourage them to strengthen their own individual skills to break the cycle of poverty. This year a special emphasis has been placed on increasing literacy skills through a new literacy program. Adult programs (primarily funded through HUD EDSS and ROSS monies), including partnerships with a local community college, job counseling and computer and English as a Second Language classes, continue to encourage CHA residents - most of whom are employed - to move to better work.

The City's Housing Authority takes very seriously the need to involve its residents in the management and operation of its public housing. During FY2003, it continued to require resident involvement in the hiring of all prospective CHA employees, and in the tenant grievance process. CHA holds Grievance Panel hearings for any CHA resident who feels that a decision made regarding his/her residency is in error. Examples of such hearings include reviews of eviction proceedings, rent determination, transfer requests, and numerous other resident issues. At all Grievance Panel hearings there must be 2 tenant representatives present who have an equal vote of recommendation along with a CHA Commissioner, CHA staff member, and an impartial Cambridge resident who serves as the Panel's chair.

CHA Tenant Councils are organized at nearly all Federal developments. Most hold regular meetings to discuss various ways in which they can participate in making their developments better places in which to live and they meet regularly with the CHA management staff. Many CHA residents are also involved in leadership roles in public housing tenant organizations on the state and national level. Two CHA residents currently sit on the CHA's five member Board of Commissioners.

Evaluate & Reduce Lead Based Paint Hazards: Lead-Safe Cambridge Program

Since 1994, a series of four concurrent HUD grants totaling \$10.2 million dollars have supported the work of the Lead-Safe Cambridge (LSC) program. In 2004, LSC will submit a renewal application to HUD for a fifth round of funding. LSC strives to achieve two major policy goals: increasing access to affordable lead-safe housing for poor families, and preventing the lead poisoning of Cambridge children. To this end, as of June 2003, the program has deleaded over 520 units of affordable housing.

LSC has been the recipient of several prestigious awards. In 1999, the program's "Safer Soil" project was recognized for its innovative approach to addressing an environmental problem through landscape design by receiving an American Society of Landscape Architects (ASLA) Merit Award. In 2000, LSC received the "2000 HUD Best Practices Award of Excellence" for its work in creating affordable lead-safe housing and reducing lead poisoning rates in Cambridge, and in 2003, was the proud recipient of the eighth "Innovations in Fair Housing Award" from the Cambridge Human Rights Commission.

Leveraging Resources

In FY2003, the City's CDBG and HOME funds leveraged \$19,183,660.00 in public and private funds for programs and development projects. The sources and amounts include:

FY 2003 FUNDING SOURCES	TOTAL LEVERAGED
AmeriCorps - Corporation for National Service (Fed)	177,491
AmeriCorps - Mass Service Alliance (State)	74,400
Associate Grant Makers (AGM)	20,500
Bank Financing	6,742,275
Cambridge Affordable Housing Corporation	3,494
Cambridge Affordable Housing Trust	2,407,540
Cambridge Harvard 20/20	150,000
Cambridge Housing Authority (CHA)	245,216
Cambridge Mayor's Program	8,000
Cambridge Trust Company	135,591
City Tax Revenues	30,000
CNAHS	156,000
DHCD - Housing Stabilization Funds	300,000
DHCD Facilities Consolidation Funds	306,620
DHCD Soft Second Loan Program	553,191
Employment Resources Inc. (ERI) WIA (Fed)	101,876
Essex Street Management Inc.	76,817
Federal Home Loan Bank	400,000
Historical Commission CPA	35,000
HRI & Equity	10,001
Leadsafe Cambridge - Federal Funds	25,000
LIHTC	3,637,811
LISC HARVARD	348,789
Mass Housing: Delead	60,000
MIT	320,000
Other Private	30,500
Owner or Program Participant Contribution	485,121
Revolving Loan Funds (RLF)	182,497
STATE	840,000
State HOME	870,000
YouthBuild USA & HUD	449,930
	\$ 19,183,660
FUNDING SUMMARY:	
TOTAL FEDERAL:	\$1,154,297.00
TOTAL STATE:	\$6,642,022.00
TOTAL LOCAL/CITY:	\$2,480,540.00
TOTAL PRIVATE SOURCES:	\$8,906,801.00
TOTAL FUNDS LEVERAGED in FY2003 =	\$19,183,660.00

In addition to program and project delivery funds, the City of Cambridge, through its CDBG and ESG programs, contributes to the operating costs of various shelters,

transitional and permanent housing via subcontracts. Funds provided under these subcontracts represent a small but critical proportion of the agencies' operating budgets, which are funded primarily from other sources, and leverages a substantial amount of other private and public funds.

Self Evaluation

The City of Cambridge has a multi-faceted approach to delivering affordable housing to its residents. The costs and supply of housing, limited availability of subsidy, competing pressure for land uses, and pressure to keep the density of new development low are the challenges faced by the City in preserving and creating housing units.

The chart below summarizes the City's production and achievements in Fiscal Year 2003, these achievements are discussed throughout this report. Areas addressed include preservation of units with expiring affordability restrictions, creation of affordable rental and homeownership units, and stabilization and renovation of owner-occupied and investor owned affordable units. We also discussed the volume of public inquiries fielded by staff, and the number of residents served through the division's other public services, and outreach events. Each of these activities received funding from HUD and the City.

FY2003 Accomplishments

Housing Objectives	FY 2003 Production	Comments for Current Year's #s
Obj 1: Preservation of affordable units	176	<ul style="list-style-type: none"> ▪ Church Corner 23 units ▪ Putnam Square 94 units ▪ Cast 42 Units ▪ Fogerty Building 17 units
Obj 2: Creation of new rental units	73	<ul style="list-style-type: none"> ▪ 45 Developed by Non-profits ▪ 21 added to the City's affordable housing stock through the CNAHS Program ▪ 7 through the Inclusionary Zoning Program
Obj 3: Creation of New Homeownership Units	7	<ul style="list-style-type: none"> ▪ FTHB Program : New units sold
Obj 4: Stabilize 1-4 unit owner occupied Buildings	39	<ul style="list-style-type: none"> ▪ Units are created through the Home Improvement Program (HIP) where low and moderate-income households apply for funds to renovate their 1 to 4-family home to meet City building codes.
Public Outreach: Resident Inquires Fielded	9,158	<ul style="list-style-type: none"> ▪ Request for information & referrals ▪ Outreach events across Cambridge ▪ Households added to database.
First-Time Home Buyer & Counseling Participants	758	<ul style="list-style-type: none"> ▪ 10 assisted with purchase in Cambridge ▪ 186 people were counseled ▪ 11 workshops reaching 482 people ▪ 3 multifamily classes with 73 people ▪ 80-120% AMI program- 7 households
Rehabilitation Assistance Program	270	<ul style="list-style-type: none"> ▪ 270 Youths Participated

HOME Narrative

Overview of HOME Program in Cambridge

The City of Cambridge receives entitlement funds under a grant agreement with the United States Department of Housing and Urban Development (HUD) for the HOME Program. Since 1993, approximately 200 HOME-assisted affordable rental and homeownership units have been created through funding from the City's entitlement HOME funds. To date, the City has received \$8,856,000 in HOME funds, and anticipates receiving \$1,180,327 for FY2004.

With the HOME funds it receives from HUD, the City provides loans to support the acquisition, new construction, and rehabilitation of eligible affordable rental and homeownership housing units. As required by HUD, 15% of the City's HOME funds are used specifically to support local Community Housing Development Organizations (CHDOs), to create affordable rental and homeownership developments. The City's HOME Coordinator staff position is also funded through this grant. In fiscal year 2003, the City received \$879,000 in HOME funds. These funds were primarily used to fund a range of developments serving diverse populations.

FY2003: HOME Development Projects

146 - 151 Prospect Street: Sponsor, Just A Start Corporation

The project known as Scouting Way will provide 13 units of affordable housing. Home funds will be used for to assist in the acquisition, construction and permanent financing to development the property. Eleven (11) of the units will be designated as HOME units. Construction is slated to begin in FY2004.

217 Western Avenue: Sponsor, Cambridge Housing Authority (CHA)

The City has provided \$120,000 in HOME funds to support the Cambridge Affordable Housing Corporation's revitalization of six units located at 217 Western Avenue. The reconstruction of this building, on a prominent corner in the heart of the Cambridgeport/Riverside neighborhood, will not only improve the physical appearance of the area, but will also provide critically needed affordable housing in an area which is experiencing increasing rents and a number of condo conversion.

CAST II: Homeowner's Rehab Inc.

The CAST Apartments is a 42-unit affordable rental development whose affordability restriction was at its term of maturity and set to expire. Homeowner's Rehab Inc. worked with the City to purchase the building which is now being renovated. The City provided \$483,485 in HOME funds to the project. HRI also successfully secured capital funds from the Cambridge Affordable Trust, the state, and various other public and private sources. The renovation and preservation of CAST's 42 family-sized units will protect the homes of more than 144 tenants who were at-risk of losing being priced out of their units. Rehabilitation began in FY 2003.

1167 Cambridge Street: Just A Start, Corporation

The City provided \$267,685 in HOME funds to Just A Start (JAS) to assist with financing the acquisition and development of the former burnt out Cambridge Street Curtain Store property, Nobregas, in Cambridge. Construction was completed in FY2003 and provided (8) new family sized rental HOME units.

Cambridge Housing Authority (CHA) Hope VI Condos

The Cambridge Housing Authority (CHA) Hope VI revitalization project funded in 2002, acquired 14 units as of the end of FY2003 completing the project. It received a set-a-side of \$560,000 in HOME funds for the acquisition of 14 scattered site condominium units to house young disabled individuals. Over the last 6 years, there has been a dramatic increase in the number of disabled applicants on the CHA's waiting list for handicapped accessible units. The units were acquired in an effort to both preserve the stock of affordable housing, and to provide options for younger disable persons. The CHA has partnered with the CASCAP Realty Inc. to manage the supportive services programming for the residents of the condominiums. This project is a major component of the revitalization plan of the John F. Kennedy Apartments, an 83 unit federally funded housing development for the elderly.

HOME Match Report

HUD Form 40107-A is attached

A Participating Jurisdiction is required to match 25% of the amount drawn down from the U.S. Treasury through HUD's Integrated Disbursement Information System (IDIS) for HOME projects during the federal fiscal year. The City of Cambridge drew \$684,992 in HOME funds FY 2003. Subsequently, HOME match liability for this fiscal year is \$171,248.10. Those HOME projects have leveraged \$15,234,955 in match funds from other public and private sources, exceeding the match requirement. Funds that do not require a match include those used for administrative costs, CHDO operating expenses, CHDO capacity building, and seed money or technical assistance loans where the project did not go forward.

The completed HOME Match Report form HUD 40107-A is attached.

MWBE Report: Minority and Women's Business Enterprise

As stipulated by HUD in regulation 24 CFR Part 84, the City includes in its contract agreements requirements that developers make a good faith effort to involve minority and women owned businesses as contractors and subcontractors when working on federally funded projects. During our annual monitoring and at the close of a project the Developer is required to submit a MWBE Report identifying minority or women contractors that they secured. In addition, if a minority contractor was not selected for their project they are required to document that efforts were made to include minorities and women in the bidding process, and if they were not selected as the contractor or subcontractor, an explanation of why. Minority contractors were selected for the Cast

City of Cambridge
Fiscal Year 2003 C.A.P.E.R.
Housing Division

Apartments, Prospect Street and Nobregas projects totaling approximately **\$2,799,945** dollars. *HUD Form 40107-A is attached*

